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PROVISIONAL APPLICATION FOR PATENT COVER SHEET

This is a request for filing a PROVISIONAL APPLICATION FOR PATENT under 37 CFR 1.53(c).

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INVENTOR(S)		
Given Name (first and middle [if any])	Family Name or Surname	Residence (City and either State or Foreign Country)
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Additional inventors are being named on the _____ *separately numbered sheets attached hereto*

TITLE OF THE INVENTION (500 characters max)

SYSTEM AND METHOD FOR PREPAID PRODUCT DELIVERY, SALES, REDEMPTION, AND SETTLEMENT USING TRADITIONAL CREDIT/DEBIT CARD ISSUING SYSTEMS

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ENCLOSED APPLICATION PARTS *(check all that apply)*

☑ Specification *Number of Pages* 15 ☐ CD(s), Number _____

☑ Drawing(s) *Number of Sheets* 5 ☒ Other (specify) Post card

☐ Application Data Sheet. See 37 CFR 1.76

METHOD OF PAYMENT OF FILING FEES FOR THIS PROVISIONAL APPLICATION FOR PATENT

☑ Applicant claims small entity status. See 37 CFR 1.27.

☑ A check or money order is enclosed to cover the filing fees.

☑ The Director is herby authorized to charge filing fees or credit any overpayment to Deposit Account Number: 12-0913

☐ Payment by credit card. Form PTO-2038 is attached.

FILING FEE Amount ($): $80.00

The invention was made by an agency of the United States Government or under a contract with an agency of the United States Government.

☑ No.

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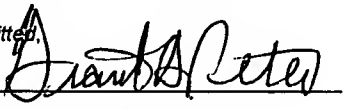
Respectfully submitted,

SIGNATURE 

Date March 11, 2004

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PROVISIONAL PATENT APPLICATION

of

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for

SYSTEM AND METHOD FOR PREPAID PRODUCT DELIVERY, SALES, REDEMPTION, AND SETTLEMENT USING TRADITIONAL CREDIT/DEBIT CARD ISSUING SYSTEMS

Attorney Docket No. 36451-95721

BACKGROUND AND SUMMARY

[0001] Product and service providers ("Providers") are interested in new ways to allow purchasers to pay for goods and services offered by such Providers. These methods may include offering electronic payments techniques that are different than known credit card, debit card, or cash payment techniques. Providers also wish to be able to simply and efficiency track collections by distributors of the Provider's goods and services.

[0002] Providers are desirous of a payment vehicle for consumers who can not purchase goods and services using traditional credit/debit products or do not have a bank account. This demographic is often called the "unbanked" or "underbanked." An example of unbanked consumers are consumers who can not subscribe for monthly-billed long distance services who must instead purchase prepaid long distance phone cards. These cards service a demographic that requires the exchange of cash for services. Non-unbanked consumers with credit and debit payment options can purchase phone cards on the Internet or through an IVR (Interactive Voice Response) system. Payment is made with a credit card. However, consumers without credit cards must exchange cash for such products. The market has developed so that the exchange of cash for service occurs in traditional retail locations because the retailer is accustomed to handling cash. Products that are distributed in this manner are often called "prepaid products".

[0003] Collecting payments related to delivery of prepaid products through the supply chain has up to now been problematic because the prepaid products must be passed through various distributors. The result is the reconciliation or "settlement" of collections between the original Providers and its various distributors has been laborious. Settlement is further complicated by the fact that payments made through electronic payment entities, such as banks and credit card companies, requires additional instances of money movement that must be tracked. Providers need a method that leverages existing credit/debit card settlement systems so that the Provider can benefit from receiving all funds from the sale of the Provider's products and services from a single trusted entity. With such a method, the Provider would see savings in collections, bad debts, and costs related to billing and risk management.

[0004] Current methods exist that allow consumers to purchase prepaid service cards and activate such cards using a pin. A common example is a prepaid phone card that is purchased by a consumer to add minutes to their cell phone service. A consumer purchases a card, calls a phone number shown thereon, and in response to instructions provided by an interactive

voice response system, enters a pin number shown on the card to receive the purchased minutes. Such systems require the phone company in this example to create and maintain a separate PIN system. Further, the value assigned to the that PIN is valid only for one purpose, to move the minutes on that particular card to the user's cell phone account.

[0005] Briefly and in accordance to the foregoing, disclosed is a system and method that allows a Provider to enters into a relationship with a financial value provider such as a credit card company (an "Issuer") and to issue personal account numbers ("PANs") for use by Providers to provide to consumers for purchase of the Provider's goods and services. The use of PANs to identify a stored-value or other payment option assigned to the consumer enables the Provider to accept payment or redemption for service through existing credit card processing interfaces and infrastructure. For example, if an Issuer's PANs are provided to a consumer, then the consumer can enter the PAN along with other data typically associated with an Issuer account number such as expiration date through standard technology via a web site, customer service, IVR or other mechanism. For example, if a web services company wished to issue a stored-value product sold in retail, then the purchaser of that product could redeem it on the web using the same basic tools used to accept a credit card for payment. The Provider may choose to create a special web page and prompts for the redemption of the product, but the underlying processing of the PAN inclusive of authorization and settlement will be the same. An additional benefit is reducing the number of interfaces required by the Provider.

[0006] The present system and method provide functionality such that the Provider no longer needs to create a proprietary stored value system. Using this method, the need to generate and distribute value-stored PINs is removed. Given that the Provider no longer must host a database of PINs, the need for POSA (Point of Sale Activation) companies, who are often needed to complete PIN authentications or activations is removed.

BRIEF DESCRIPTION OF THE DRAWINGS

[0007] While the present disclosure may be susceptible to embodiment in different forms, there is shown in the drawings, and herein will be described in detail, embodiments with the understanding that the present description is to be considered an exemplification of the principles of the disclosure and is not intended to be exhaustive or to limit the disclosure to the details of construction and the arrangements of components set forth in the following description or illustrated in the drawings.

[0008] FIG. 1 is a simplified diagram showing entities that participate in a method for prepaid delivery, sales, redemption, and settlement using traditional credit/debit card issuing systems;

[0009] FIG. 2 is a simplified flowchart showing distribution steps in the method of FIG. 1;

[0010] FIG. 3 is a simplified flowchart showing redemption steps in the method of FIG. 1;

[0011] FIG. 4 is a simplified flowchart showing settlement steps in the method of FIG. 1; and

[0012] FIG. 5 is a simplified flowchart showing one example of the method of FIG. 1.

DETAILED DESCRIPTION

[0013] While this disclosure has been described as having exemplary embodiments, this application is intended to cover any variations, uses, or adaptations using the general principles set forth herein. It is envisioned that those skilled in the art may devise various modifications and equivalents without departing from the spirit and scope of the disclosure as recited in the features, elements, steps, or combinations thereof. Further, this application is intended to cover such departures from the present disclosure as come within the known or customary practice within the art to which it pertains.

[0014] For purposes of this disclosure, the following entities, shown in FIG. 1., are defined as follows.

[0015] "Issuer": The issuer of the PAN (Personal Account Number). Issuer may correspond to, but not be limited to, any bank, credit card company, or other financial institution in the business of providing electronic credit services to others. The Issuer may interact with other third party vendors such as prepaid processing companies or billing and statement companies. For purposes of this disclosure, the term Issuer includes the actual Issuer and vendors who provide such related services.

[0016] "Provider": The Provider is the product/service company that is offering its goods and/or services to the Consumer.

[0017] "PAN Facilitator": The PAN Facilitator acts as the single technology supplier that enables the supply chain to deliver stored-value and other products using this method, for sale to consumers. In the descriptions of this method, the PAN Facilitator is shown to service the Retailer (described below) directly. This need not be the case. A variety of distribution

partners can participate in both the delivery of the physical product to retail for merchandising and sales and for the delivery and acquisition of data. For simplicity, the term PAN Facilitator is intended to generally include all such partners acting in concert.

[0018] "Retailer": The Retailer or merchant represents the point of purchase where the consumer (described below) of the product exchanges value (typically money or credit) in return for receiving the product or service. A Retailer can be, but is not limited to, a "brick and mortar" location, a web site, a bank, or personal interaction between a salesperson and a Consumer.

[0019] "Consumer": The Consumer is the entity that acquirers the product (hereafter "product" includes products or services) for redemption. Any business or person can be a Consumer.

[0020] The present method includes the following steps.

STEP 1 - PANS DELIVERED TO PAN FACILITATOR

[0021] FIG. 2 shows the general distribution of PAN as described in steps 1-3.

[0022] In the present method, PANs and associated data such as expiration dates that have typically been used to identify a credit or debit card product are used to provide a stored-value like payment and redemption model. Thus, an Issuer, who has experience with credit card technologies, is generally a capable of providing PANs. A benefit of the Issuers participation is that the Issuer has existing business relationships, systems and business processes to account for, track and settle accounts using PANs as identifiers.

STEP 2 - PAN FACILITATOR ASSIGNS PANS TO PRODUCTS

[0023] PANs and other associated data can be assigned to a product in a number of ways. Once such case would be the process wherein the PAN Facilitator assigns the PANs to a particular Provider so that the PANs can be printed on to a plastic card. For example, the PAN Facilitator could work with a phone card supplier such as AT&T Wireless to create $20 AT&T wireless cards that are sold in retail. This assignment includes assigning both a Provider and a value to a given card product. The value can be dollars or units or any other accounting mechanism. For purposes of this disclosure, value shall be expressed as dollars. For example: PAN No.: 6011998021027033 is assigned to AT&T Wireless by the PAN Facilitator and given the static value of $20.

[0024] The process of assigning the $20 value or the Provider to the PAN can happen a number of ways. In one embodiment, the value is assigned prior to distribution. In another embodiment, the value is assigned at the point of sale. In the point of sale embodiment, additional data collection may be required for authentication purposes. In accordance with the present example, the PAN Facilitator communicates back to the Issuer and identifies that the PAN in question has now been assigned to AT&T Wireless and given a value of $20.

[0025] Assignment of a PAN to a value and Provider during redemption may include further steps to prevent fraud by validating the redemption is occurring by the Provider that was assigned the PAN and for the value that was associated with it, or a lesser value if the PAN can be used multiple times.

[0026] To allow the PAN to be carried by Consumers, the PAN may be stored in numerous ways including having data related to the PAN sent to a card printer so this data can be printed onto the card. The data may be visible or hidden as part of the product packaging depending on the specific products marketing requirements.

[0027] A tracking number may also be assigned to the card product. This number may be separate from the PAN and other data but can act as an identifier to the product as well. In one implementation, the tracking number is coded onto the magnetic stripe of the plastic card. The format for this encoding can vary from application to application but is often designed to be compatible with existing Point of Sale Activation ("POSA") technology for an existing retailer. In another embodiment, the PAN and other data may be encoded on the magnetic stripe of the card in an industry standard format, such as the ABA format, so that the card can be used for redemption at traditional POS machines that require a credit card swipe. The magnetic stripe is used to identify the card product so that it can be activated when sold in retail. The creation of card products, distribution of the physical product and merchandising in retail may use any supply chain mechanism for prepaid products known in the art.

[0028] Some retailers have equipment that does not support the activation of a plastic card, but instead uses a method of PIN printing. In one embodiment of the present method, PANs and other important data can be distributed in the same manner as a PIN, meaning it can be delivered to a receipt, thermal card, email or other manner to put the PAN along with other data and instructions in the hands of the Consumer.

STEP 3 - CONSUMERS PURCHASES/RECEIVES PRODUCT

[0029] The Consumer purchases the product in retail as they would any other product. Typically there is a "retail value" associated with the product. The retail value is usually the price for which the product is sold as well as the value that it will be redeemed. In the current example, the retail price is $20. However, Retailers can run specials selling the product for less than the retail price or the value can have a retail price but a non-dollar value (as in a subscription or unit based product).

[0030] In a typical distribution chain, the Provider will sell products through one or more distributors who will sell to one or more Retailers. Ownership of the Products may change as the Products move from Provider to distributor to Retailer, with payments being made for the product at each move. Another commonly seen distribution model does not involve any money being transferred between the Provider and its distributor or its Retailer. Instead, the Provider is paid upon sale of the Product to a Consumer by a Retailer. Retailers make a "margin" on the sale of the product, meaning the Retailers keep the difference between the wholesale value and the retail value. In the ongoing example, if the Retailer's margin was 20%, the retailer would expect to keep $4 and remit the remaining $16 back to the Provider. POSA products like those discussed here are often times sold under such a consignment model. Thus, the wholesale cost of the product is not flagged as receivable from the Retailer until it is sold. This model is known in the industry as zero inventory product.

STEP 4 - POINT OF SALE ACTIVATION ("POSA")

[0031] In certain embodiments, the products must be activated upon sale. Continuing the above example, the $20 AT&T Wireless card was merchandised as a plastic card with a magnetic stripe in retail and must be "turned on" once it is sold. This is POSA. The purpose of POSA is to reduce shrinkage (theft) in retail and to enable the products to be sold through the supply channel in a consignment manner.

[0032] POSA generally involves communicating data from the retail POS (point of sale) device to a backend server in real-time so that when the Consumer leaves the store, the Consumer has an active and working product.

[0033] In its simplest form, POSA simply activates a card. The present method is also suitable for use with more complex interfaces that enable additional data to be collected. Information may also be transmitted back to the PAN Facilitator at this stage. The transaction that is sent from the Retailer to the PAN Facilitator could include a variety of data

including but not limited to (1) Retailer ID; (2) Time and Date; (3) PAN; (4) Expiration date; (5) Other PAN associated data; (6) Product ID; (7) Tracking number (8) SKU identifier (or UPC); and/or (9) Product value (if product value is dynamic and assigned at the POS).

[0034] The Retailer ID is important as it indicates to the system what Retailer has sold a product and collected funds so that the wholesale amount can be collected from the Retailer by supply chain or directly by the Provider. The steps for collection are described in more detail below.

[0035] In a highly dynamic POS implementation, the data collected at the POS, and transmitted back to the PAN Facilitator, is used to assign the PAN to a given Provider and to set the product value. This will typically occur in an environment where the product information is printed or delivered to the consumer at the time of sale such as where the PAN or a corresponding PAN value is printed as a PIN. For example, a PAN can be stored in the terminal or delivered to the terminal or other POS device so at the time of sale it is assigned to a specific product type and value.

[0036] In this scenario, the order of events would be as follows. First, the Customer identifies the product to be purchased, such as a AT&T $100 phone card. Next, the Retailer and/or Customer interact with a user interface to produce a representation of the product, such as in the form of a printed receipt. The POS then communicates the product purchased to the PAN Facilitator that then assigns a PAN to the product, for example, 6011998021027033, to the AT&T $100 phone card. This data is then communicated to the Issuer so that the product can be immediately redeemed by the consumer.

[0037] The sale of the product represented by the PAN is logged and the Retailer that sold the product now owes the Provider, in this example AT&T, the wholesale value of the $100 product. This dynamic assignment of the PAN to a Provider and value lends itself to a more efficient PAN management and assignment algorithm.

[0038] The response from the PAN Facilitator's POSA interface to the POS in response to a POSA transaction can be seen as either an "approval" or "denial" or some other identifiers having similar meaning. An approval indicates that the PAN can, should, and has been "activated" for a given product and that the Consumer can now leave the store with the product. A denial can be generated for several reasons including communication failure, the PAN being already used, the PAN not existing, a tracking number not being recognized, or an inability to assign a PAN to a particular product.

[0039] Approval of the PAN causes one or more of the following actions: (1) activates or dispenses a product; (2) indicates which Retailer is selling the product; (3) assigns a PAN to a product or activates a PAN; (4) assigns a value to a PAN, (some PANs may have pre-assigned values); (5) identifies that a receivable is due from the identified Retailer (or the supply chain serving it); and/or (6) instructs the Issuer that the product is "live" and can now be redeemed within certain parameters.

STEP 5- MESSAGE TO BE SENT TO THE ISSUER.

[0040] Redemption of the product may take place using existing credit/debit authorization and settlement infrastructure. For this to work properly, the PAN Facilitator communicates to the Issuer that the product has been activated and provides the necessary data so that the PAN can only be used for redemption through specific Provider interfaces and for specific amounts. Managing where the product can be redeemed can be handled by communicating to the Issuer the credit card processing Merchant ID for the activated product. The PAN Facilitator can host a table of these Merchant IDs and communicate them to the Issuer. Other information including the value of the product, expiration date or other important data can be communicated to the Issuer if required. The method may also include having a single PAN that can be used for redemption at multiple merchant sites or with multiple Retailers.

[0041] The present method works in cases where a single PAN and its associated value is allowed to be used only once, such as in a single $20 redemption or with products that allow multiple redemptions that "buy down" against the assigned value of the PAN.

[0042] Data sent to the Issuer can be sent in real-time or in "batch". Various implementations in the market that might require a large number of products to be activated at one time may use a batch method as opposed to single transactions sent to the Issuer.

[0043] Much like the POSA transaction, the PAN Facilitator may expect a confirmation message to be received from the Issuer to indicate the product has been "Activated" and can be redeemed.

[0044] In this manner, the Issuer, PAN Facilitator, and Retailer work together to activate a product. This can all be done in real-time by data routing during the purchase of the product. The steps for activating may vary, but one example of such is the following: (1) Retailer sends a POSA request to the PAN Facilitator; (2) PAN Facilitator validates data and sends a PAN activate message to the Issuer; (3) Issuer validates data and sets PAN ready for

redemption; (4) Issuer communicates a confirmations message to PAN Facilitator; (5) PAN Facilitator communicates a confirmation message to the Retailer; and (6) The Retailer provides the product the consumer.

STEP 6- CONSUMER REDEEMS PRODUCT.

[0045] Products are redeemed as generally shown in FIG. 3. A consumer may redeem the product for service using industry standard user interfaces such as IVR, web sites, interaction with a kiosk, or customer service. The following are some examples of PAN based products.

[0046] 1. One Merchant, One Redemption (AT&T $20 Wireless Card) Example.

[0047] The consumer calls AT&T's IVR and enters their mobile phone number. Then enters their PAN and any other data. The system authorizes the payment and $20 is assigned to their account. The PAN can not be used again once redeemed.

[0048] 2. Multiple Merchants, One Redemption (Music Money, $19.95) Example.

[0049] Music Money (not a real product) can be used to download songs from any number of music web sites. Multiple web merchants are identified as acceptable merchants for the redemption of the value. The product is redeemed for its whole value at, for example, any one web site. The value is transferred to the account for the consumer on that web site. The PAN can not be used again once redeemed.

[0050] 3. One Merchant, Multiple Redemptions (MCI LD, $50) Example.

[0051] The product represents $50 of value to be used when placing a call via MCI's long distance service. The cost of each call is tallied and redeemed against the existing balance on the PAN which starts at $50. The balance is decremented as required. This a stored-value like paradigm. The PAN is active until the balance is spent or other factors occur that set the PAN inactive.

[0052] 4. Multiple Merchants, Multiple Redemptions (Universal LD, $50) Example.

[0053] Like the product described in the previous example, this product is used as a stored-value payment method for long distance. The difference being that it can be used with multiple merchants.

[0054] Redemption involves the required data, often just the PAN and an expiration date, to be entered into a interface. In some cases, the interface can be modified to make for a more pleasant user experience or to pre-populate certain variables, like address, that may not be required for the redemption of this product as opposed to credit. For example, a web

services provider may require the address of the card holder to be entered so that address verification can be used to decrease credit card fraud. Use of a PAN may simplify and reduce the amount of data entry required from a consumer. Given that the authentication mechanisms described above reduce the chance of fraud potential with these products, and that because of these mechanisms no card holder or address may be required, such additional fields may be confusing to the consumer. The web site can be modified so that the consumer need not enter this information.

STEP 7- ISSUER AUTHORIZES PAYMENT.

[0055] During the redemption process, the Merchant (or Provider) interface will contact the Issuer to authorize payment. This may be done using the many existing credit and debit authorization infrastructures. In one embodiment, the PAN "looks like" a credit or debit product from the Issuer. This allows the transactions to route from the Merchant to the Issuer for authorization in a manner similar to how credit or debit payments are routed.

[0056] When the Issuer receives the authorization for payment request, the PAN status and value is reviewed. Generally, the following key conditions should be met to receive an authorization from the Issuer: (1) PAN is flagged as active; (2) Merchant ID is recognized for authorization for the given PAN; and (3) value being authorized is within limit associated to the PAN, or in the stored-value account.

[0057] If these key conditions and potentially others are met then the transaction is authorized and an authorization is delivered back through the existing payments infrastructure, for example through MasterCard's Banknet, to an acquiring bank processor who then authorizes the transaction back to the merchant.

[0058] After payment has been authorized for the indicated amount, the transaction is completed with the Consumer.

STEP 8 - SETTLEMENT.

[0059] The present method may utilize the existing credit/debit card infrastructure in the U.S. which uses a two step system comprised of an authorization followed by a settlement. Settlement can occur in real-time or off-line (batch). Settlement is the step in which the money actually moves. The settlement steps are generally shown in FIG. 4.

[0060] Following the example used throughout this disclosure as generally shown in FIG. 5, if an $20 AT&T Wireless product was redeemed, then the Provider, in this example AT&T

expects that $20 dollars less any processing fees charged by the merchant bank (called the Discount fee and/or per item fee) will be deposited into their account. For this example, assume that the total processing fee is a 3% discount. This means that on a $20 product, AT&T would receive $19.40 deposited in their bank account. A portion of the Discount fee includes an Interchange fee which is paid to the network (i.e. MasterCard) and to the Issuer. Although the Interchange fee is taken in account, to simplify the explanation of the remainder of the settlement steps, we assume that $20 was deposited into the Provider's account instead of $19.40.

[0061] In the present model, money is generally being transferred between the Issuer and Retailer only. A settlement needs to be performed so that the Provider receives the Provider's share of the sale. It is desirable to have this settlement performed electronically and generally transparently. In the current example, to this point, the following transactions have taken place: (1) Consumer spends $20 in Retail (Retailer +$20); (2) Consumer redeems $20 worth of service with the Provider; (3) Provider received $20.00 from Issuer (Provider +$20.0); and (4) Issuer (-$20.00)

[0062] After settlement, the Retailer should only have the difference between the retail price and the wholesale price so the Retailer still has $20 which is $16 more than the Retailer should have. The Issuer is down $20.00. The Consumer is at par having spent $20 and redeemed $20.

[0063] The Provider should receive $20 less the cost of distribution which includes the Retailer's margin. As stated earlier, the Retailer's margin in this example is 20%. Thus if it is assumed that no other charges are due to others participating in the distribution channel, then the Provider would expect to receive the complete wholesale amount, $16.

[0064] To be able to make the necessary settlement transactions using existing processing and collections methods, the present method involves a step of having the Issuer create a receivable from the Provider for $20. One embodiment that can be used to implement this settlement step is by using a corporate account structure for multiple PANs. When a PAN is activated it is assigned to a Provider. The PAN is then listed as a "corporate card" using the Issuer's business processes for servicing large corporate clients with multiple credit cards. At the end of the month, or some other preselected period, the Provider, which is treated similar to a corporate customer by the Issuer, will receive a card statement indicating all the PANs that have been assigned to the Provider and the amount owed on each PAN.

[0065] For example, if AT&T Wireless was the Provider that has a relationship with an Issuer, AT&T Wireless would have a single report delivered identifying all the cards on the account, although multiple reports may be used if AT&T Wireless so desired. All the PAN account numbers would be listed with all the amounts due on each credit card. AT&T Wireless would be sent a corporate level statement indicating that $20 was due for account 6011998021027033. When the Provider pays this amount, the Issuer is back to par, but the Provider is at zero.

[0066] The next steps resolve the final settlement issues. Multiple methods will be used to complete the settlement issues. These steps are generally referred to as "offsetting settlement."

[0067] In one embodiment, the PAN Facilitator collects $16 from the Retailer and pays it to the Provider. This would make all parties whole. The Issuer is at par as it has billed the Provider for the $20 that it paid out. The Provider has received $16 and the Retailer kept $4.

[0068] In another embodiment, the Issuer handles all the movement of money. One way this can occur is that for every redemption, the Issuer collects the wholesale amount from the Retailer and "net settles" via the corporate statement to the Provider.

[0069] An example item on the corporate bill to the Provider might look like this:

Account	Fee	Description
Item 6011998021027033 Redemption	-$20.00	Offset the $20 paid to the Provider during settlement
Item 6011998021027033 Product Sale	+$16.00	Wholesale cost of Product sold

[0070] Given the Provider was paid $20 during settlement, the accounting on this bill would leave the Provider with $16.

[0071] In an embodiment in which the offsetting settlement is handled by the Issuer, the Issuer will also bill the Retailer for the $16 that needs to be collected. There are many ways that the Issuer can do this. One example might be that the Issuer provided the Retailer with a separate revolving account to which all wholesale amounts due are billed. The Issuer has access to risk management tools and processes wherein the Issuer could decided if a Retailer is credit worthy and also limit the amount of product that could be sold by any Retailer. The Retailer may receive a quarterly, monthly, weekly, or daily bill from the Issuer indicating the amount owed the Issuer. The PAN Facilitator and the Issuer any work together to incorporate tracking and auditing of wholesale calculations into the money flow model described herein.

[0072] Much of the existing credit/debit card processing infrastructure and servicing Providers are capable of utilizing the present method. Redemption has takes place using standard credit/debit authorization and settlement systems. Money has been paid to the Provider from the Issuer may be returned to the Issuer through corporate billing. The wholesale amount due the Provider may be collected by either the Issuer or the PAN Facilitator and remitted to the Provider. Generally all the collections for these products in the market are handled by the Issuer and the PAN Provider. The Issuer model may also offer to guarantee payment to the Provider thus relieving the Provider of substantial collections processing and costs.

[0073] Although a variety of fee structures may be used to facilitate this method, the following example shows some of charges that may be incurred. The fees can show up in many ways in the supply chain. In some cases all the fees in the model may be presented to the Provider so they can see all the cost in the model. This information could be delivered on Provider's corporate statement. For any given PAN, the statement might look like this:

Account	Fee	Description
Item 6011998021027033 Redemption	- $20.00	Offset the $20 paid to the Provider during settlement
Item 6011998021027033 Product Sale	+$16.00	Wholesale cost of Product sold
Item 6011998021027033 Distribution Fee	- $2.00	Money kept in the supply chain
Item 6011998021027033 Processing Fee	- $1.00	Cost of this service

[0074] A number of other parties may be used in connection with the present model including vendors to the Issuer, vendors to the PAN Facilitator, vendors (distributors) of the Provider's product and others. The actual data and money flow may need to be routed through such other parties.

[0075] Once a PAN has been redeemed it can be recycled for use again. To prevent fraud, a reused PAN may be assigned to a different Provider or key elements such as the expiration date or other data may be changed.

[0076] The present system can be implemented on existing financial transactions systems and networks. Without limitation, these networks may include the Internet or other proprietary networks connecting financial entities of the type noted above. One or more of these steps may be performed using software code having one or more software modules that allow operation of the routines or subroutines needed. The term "module" referenced in this

disclosure is meant to be broadly interpreted and broadly cover various types of software code including but not limited to routines, functions, objects, libraries, classes, members, packages, procedures, methods, or lines of code together performing similar functionality to these types of coding.

[0077] While several embodiments of the disclosure are shown and described, it is envisioned that those skilled in the art may devise various modifications and equivalents without departing from the spirit and scope of the disclosure. The present disclosure relates to one or more of the following features, elements, steps, or combinations thereof:

1. A method of allowing a consumer to redeem a product, the method comprising:

having an issuer provide a personal account number to a consumer;

having a consumer use the personal account number to redeem a product; and

compensating a provider of the product in response the product being redeemed.

FIG. 1 Participants

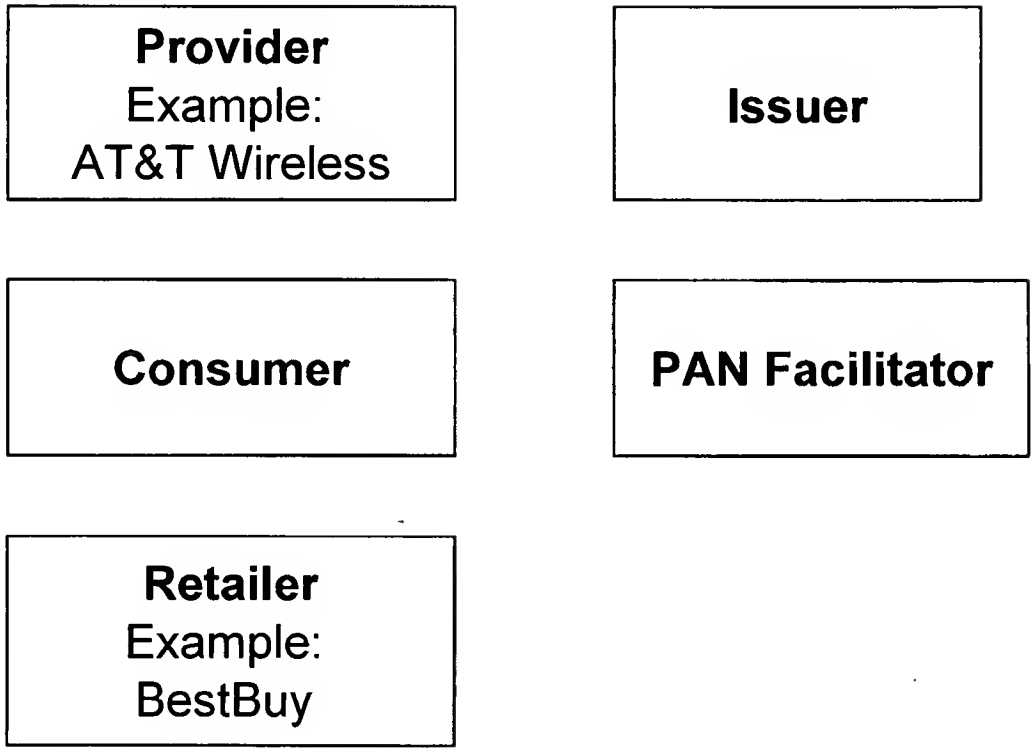

FIG. 2 Distribution

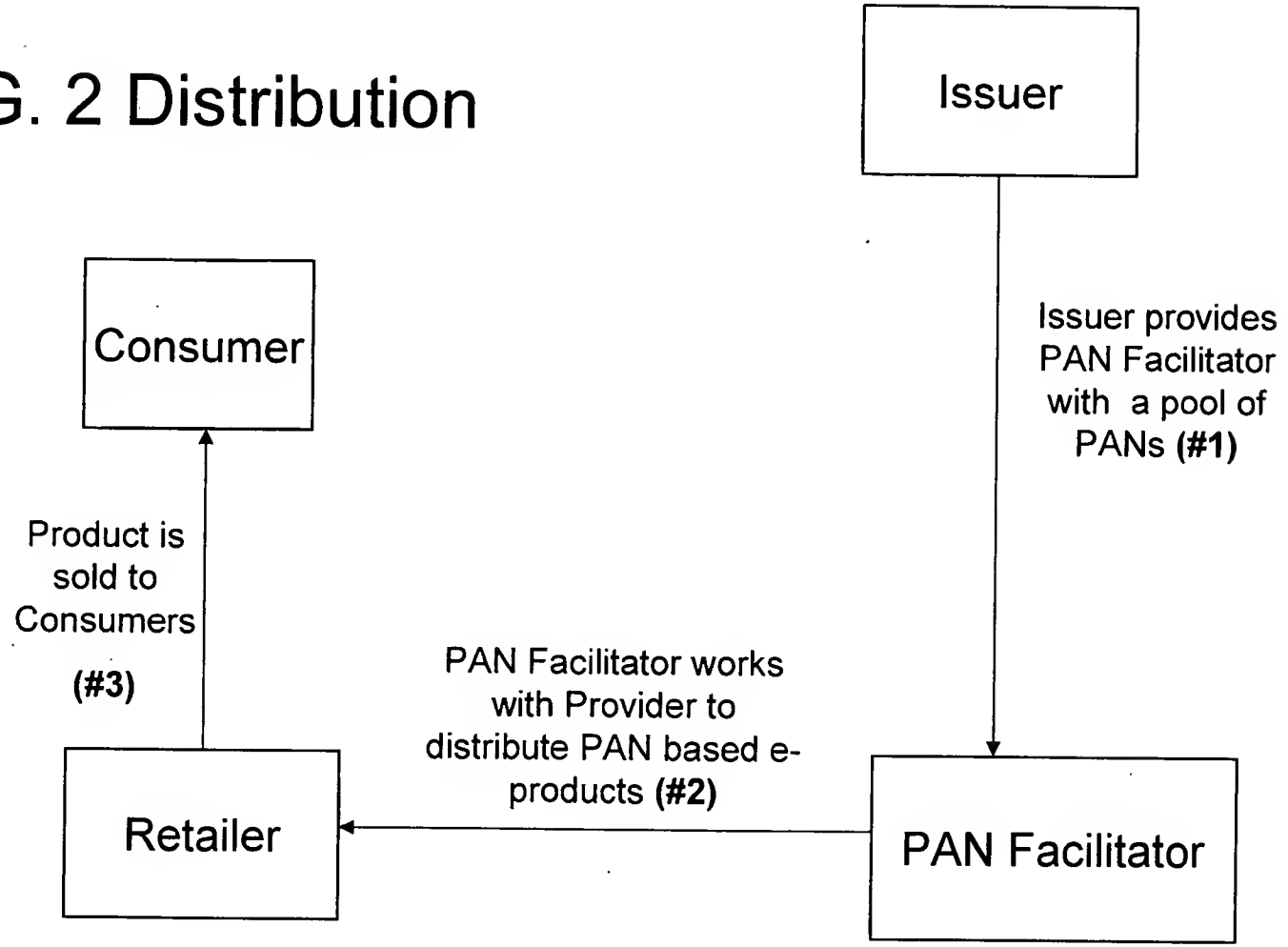

FIG. 3 Redemption

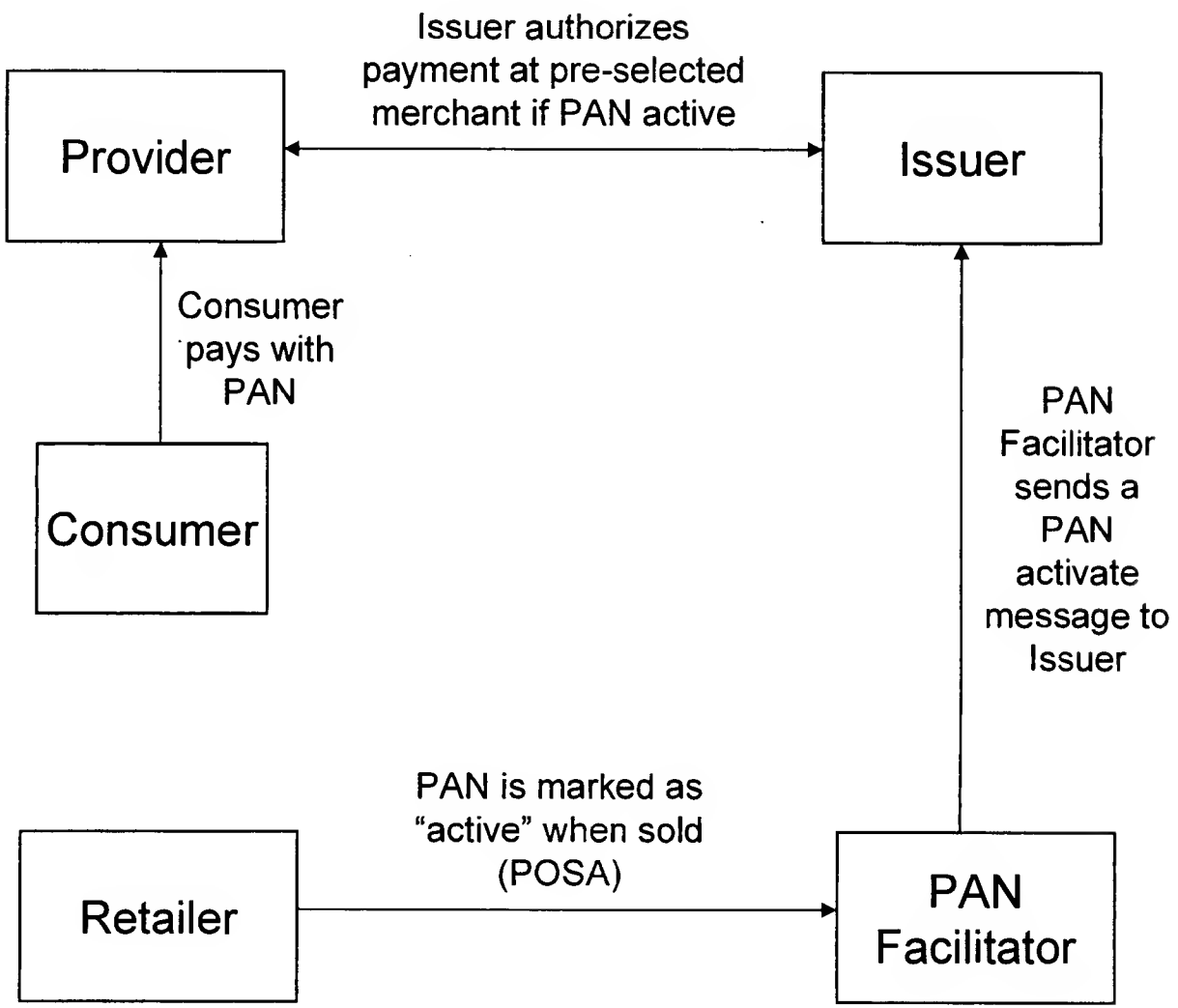

FIG. 4 Settlement

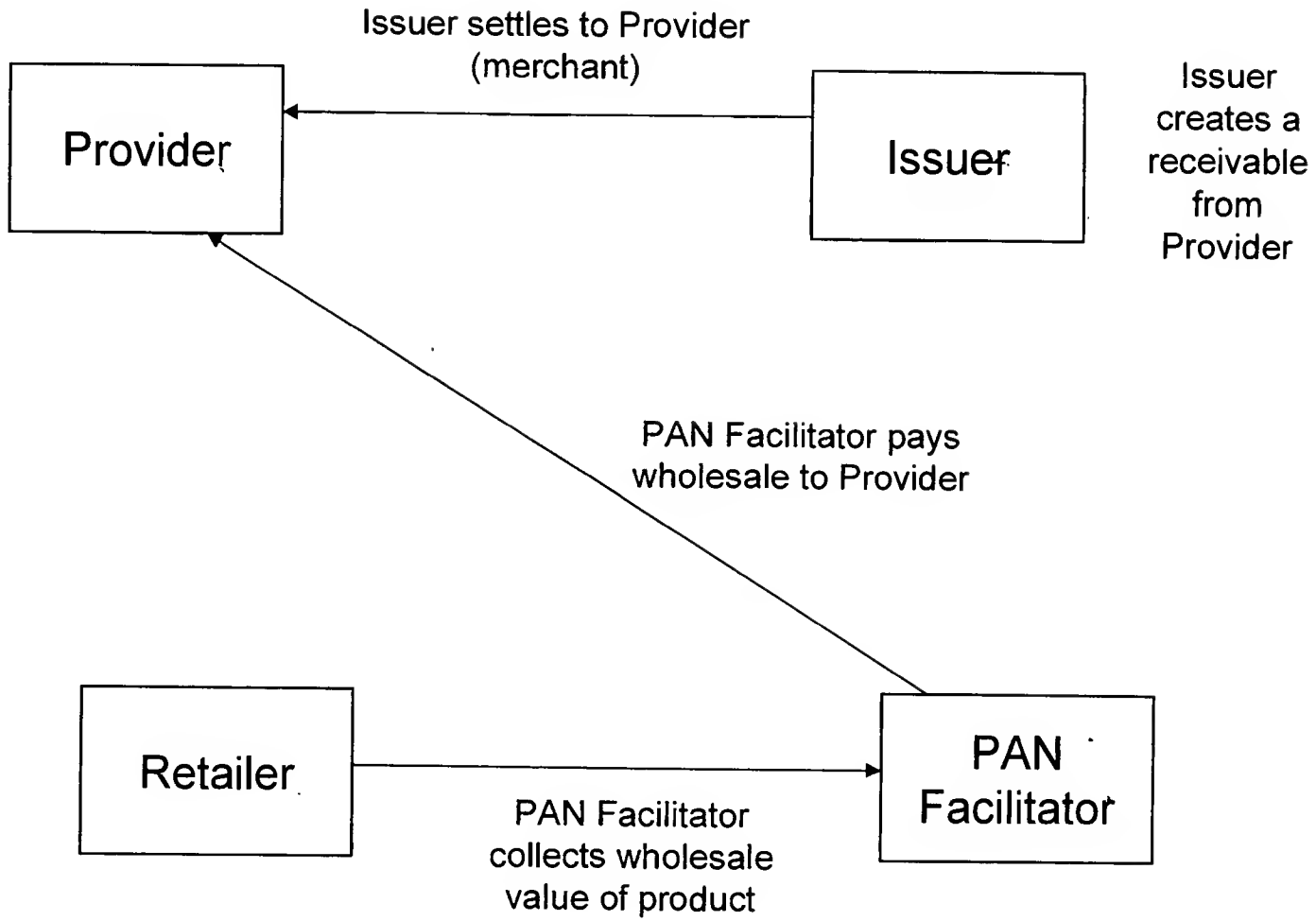

FIG. 5 Example